


September 13, 1972

TO HAK 87~~SECRET~~

DECLASSIFIED

Per NSC letter 1/18/2008  
By DIE LC Date 3/7/2008*exchange*

FOR: HENRY A. KISSINGER  
FROM: AL HAIG   
SUBJECT: PRC Grain Purchases -- Your Guidance Needed

DOS REVIEWED 29-Nov-2010: DECLASSIFIED FOR RELEASE IN FULL.

The press is already reporting the PRC purchase of US wheat and linking it in stories with Soviet trade bonanza reported by Victor Louis. Ziegler, State, and Agriculture will be hit with questions on this Thursday.

I had already called Butz Saturday per your instruction and told his people to keep quiet. Butz I understand has spent today successfully evading substantive comment. In any case I gave strict "no comment" guidance again today to State, Agriculture, Commerce, and Ziegler. But Thursday we will be under pressure to say something, and, in accordance with normal procedures, the basic technical information on the deal was published Monday in the Department of Agriculture "subsidy registration list."

Mindful of what you told your New York customer, I propose the following press handling:

-- Ziegler should only say, by way of acknowledgment: "Yes, we are informed that a transaction of a private nature has taken place involving

~~SECRET~~

~~SECRET~~

- 2 -

DECLASSIFIED

PRC purchases of wheat. The Department of Agriculture is probably better informed about the technical details."

-- Agriculture would in turn indicate that questions on the details of the transaction itself should be answered by either the company involved or the recipient country, and it would be inappropriate for the U.S. Government to comment on the details of a private transaction. With regard to the question of why it was not made public, Agriculture would indicate that the company on Monday filed this transaction in the "subsidy registration list" in accordance with normal procedures and the information has been in the public domain since that time. The filed information indicates publicly the amount of wheat to be sold and the country of destination. And to have commented on the transaction prior to that would have been inappropriate, and jeopardized the negotiation.

Everybody will be instructed again not to comment about relations between USG, the company, and PRC. In fact, (FYI) the French company plans to write letter to newspapers indicating that PRC approached it asking it to purchase wheat and that company decided to make purchase in U.S.

There will be no way to dampen press interest in the story, but I think the event so far speaks for itself and we can keep official USG comment to minimum above.

Is this satisfactory? If you approve, perhaps we should contact our New York party and explain the situation and the course of action we have taken.

Warm regards.

9/14 : Haig called Mrs. Shih

~~SECRET~~